

Downtown Morgan Hill

Downtown Update Implementation Activities and the Granada *MH Downtown Association – July 7, 2009*



TONIGHT

Provide background on the options to restore cinema to DT as part of the First Phase Project

- Historic Resources
- History of Cinema in Downtown
- Council Actions and Direction
- Illustrating the Vision: Views of Downtown & Other Cities
- Success Factors – Market - Retail/Entertainment Strategy
- Capacity Studies + Opportunity Sites: 1st Phase Project
- 11-Point Plan + Options for Cinema in First Phase

BACKGROUND

- Downtown Specific Plan – Update of 2003 Downtown Plan
[with the goal to Achieve the Community's 2003 Vision]
- DT Implementation Activities
- Third Street Promenade
- Public Parking and Circulation Strategies

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Downtown Morgan Hill



Community's 2003 Vision for Downtown

- Active, attractive, **uniquely** Morgan Hill
- Pedestrian-friendly Downtown Village
- Social & activity heart; public events
- Multi-Modal Transit-Oriented; Train Depot



COMPONENTS

- Residential : 24-hour energy & customers
- Specialty Retail, Restaurants & Entertainment Uses
- Office space & County Courthouse
- Convenient Public Parking: plus Lighting & Landscaping



DT Specific Plan - 2009

- Vision
- Land Uses
- Development Standards
- Circulation
- Parking Strategy
- Design and Signage Guidelines
- Infrastructure
- Implementation

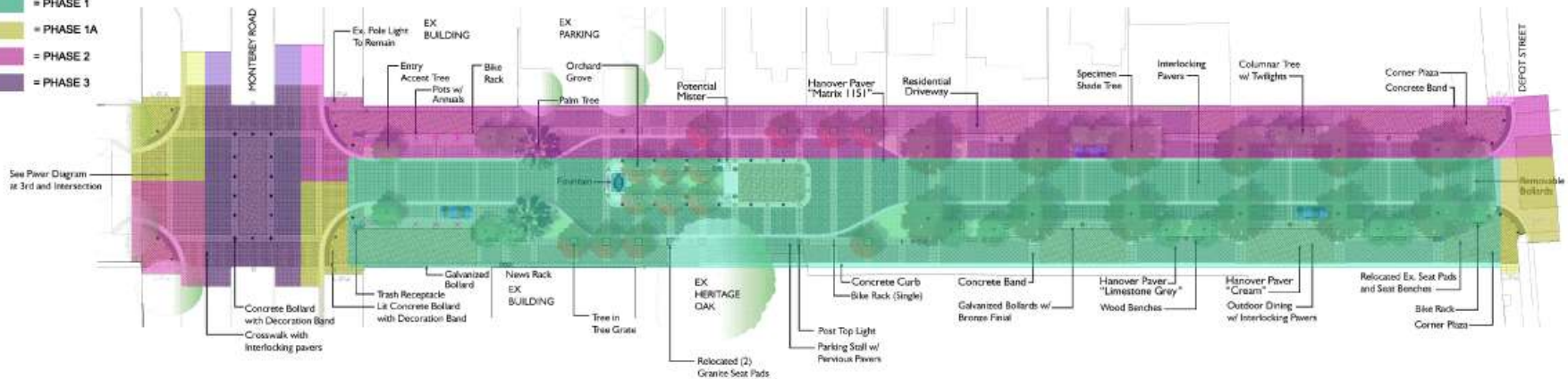


Third Street Promenade



KEY

- = PHASE 1
- = PHASE 1A
- = PHASE 2
- = PHASE 3



THIRD STREET PROMENADE CONSTRUCTION PHASES



Implementation Activities

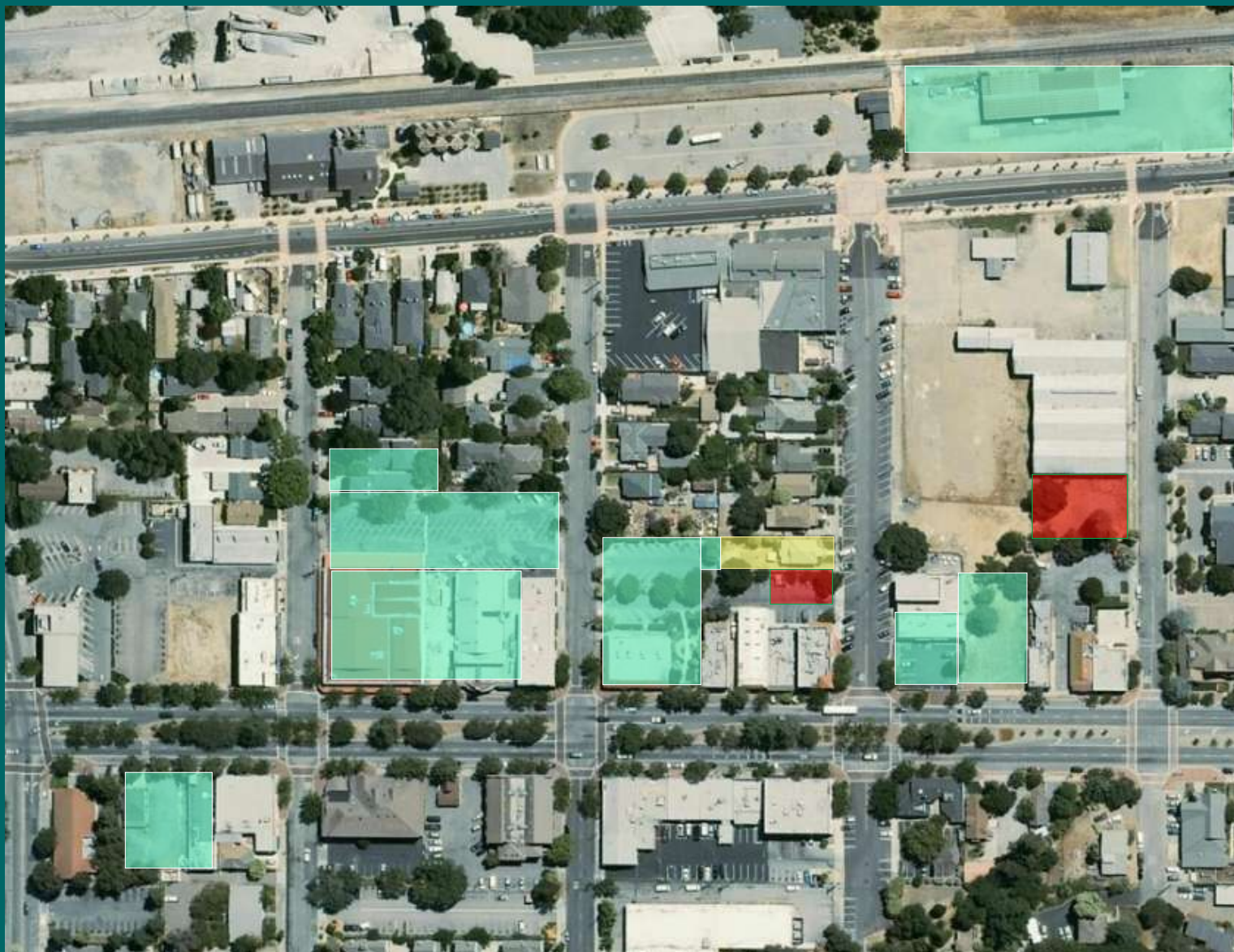
- Properties Purchased (development site assembly)
- Capacity Studies & 6 Opportunity Sites
- First Phase Sites & 11-point Plan
- Cinema & Operator
- First Phase RFI/RFQ for Developers

Key Property Purchases (by City RDA)

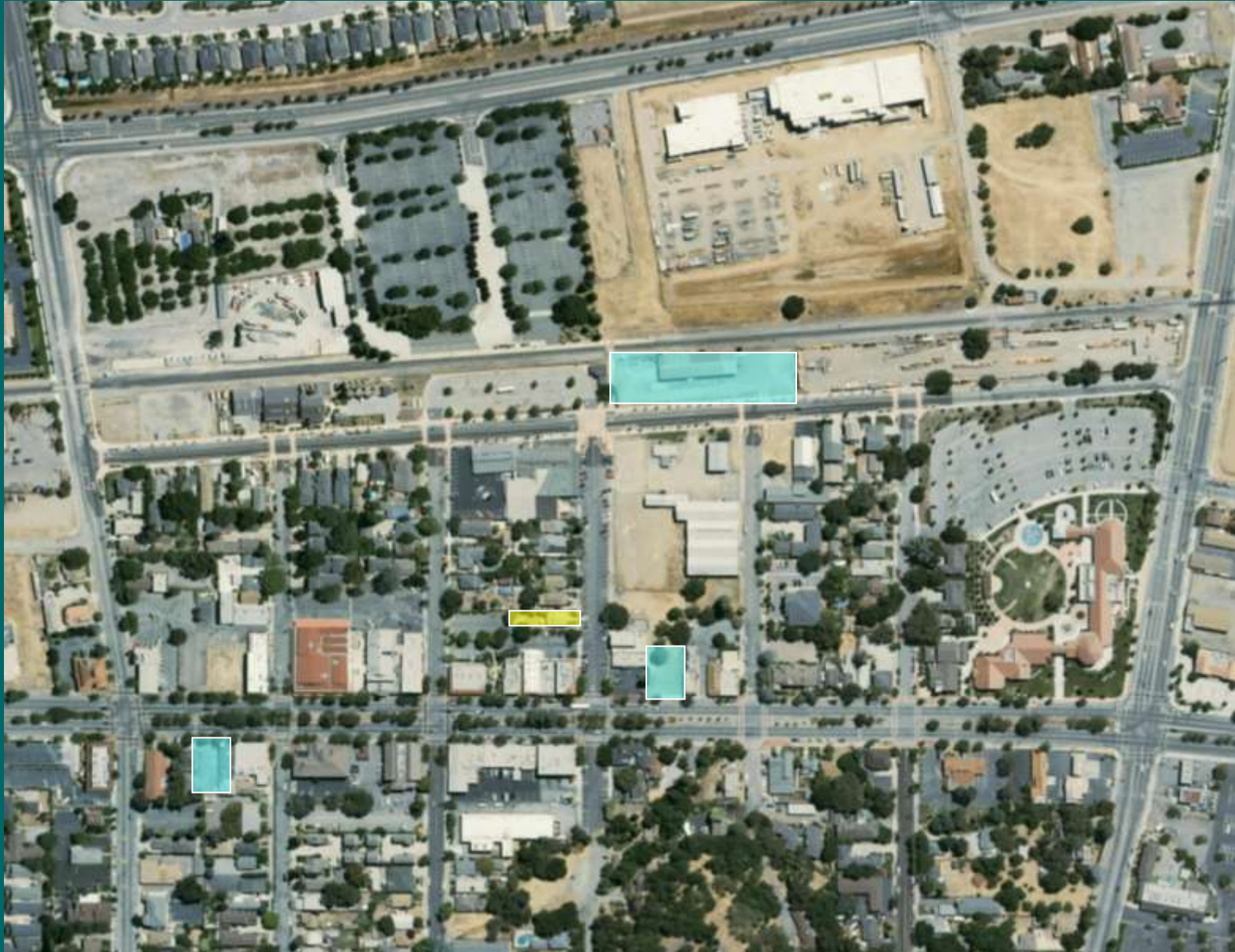
- Monterey / E. 2nd (A-1): Downtown Mall / Techon / Granada / Parking / Duplex
- Royal Clothier – Christopher Travel / Parking / Pocket Park
- Simple Beverages / 2 vacant Lots
- “Sinaloa” parking lot / “Gamers”

Prior Holdings: VTA, E. 3rd St lot, E. 4th St., across W. 3rd St. bridge

RDA Purchases



Additional Public Parking











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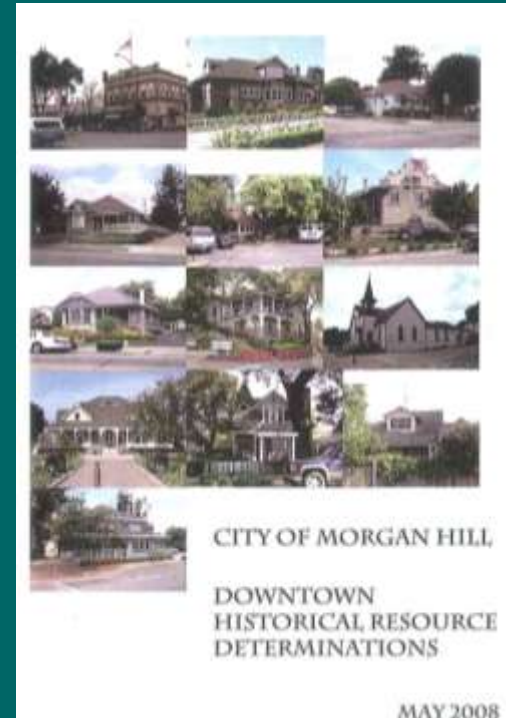
Historic Context & DT Historic Resources

Context



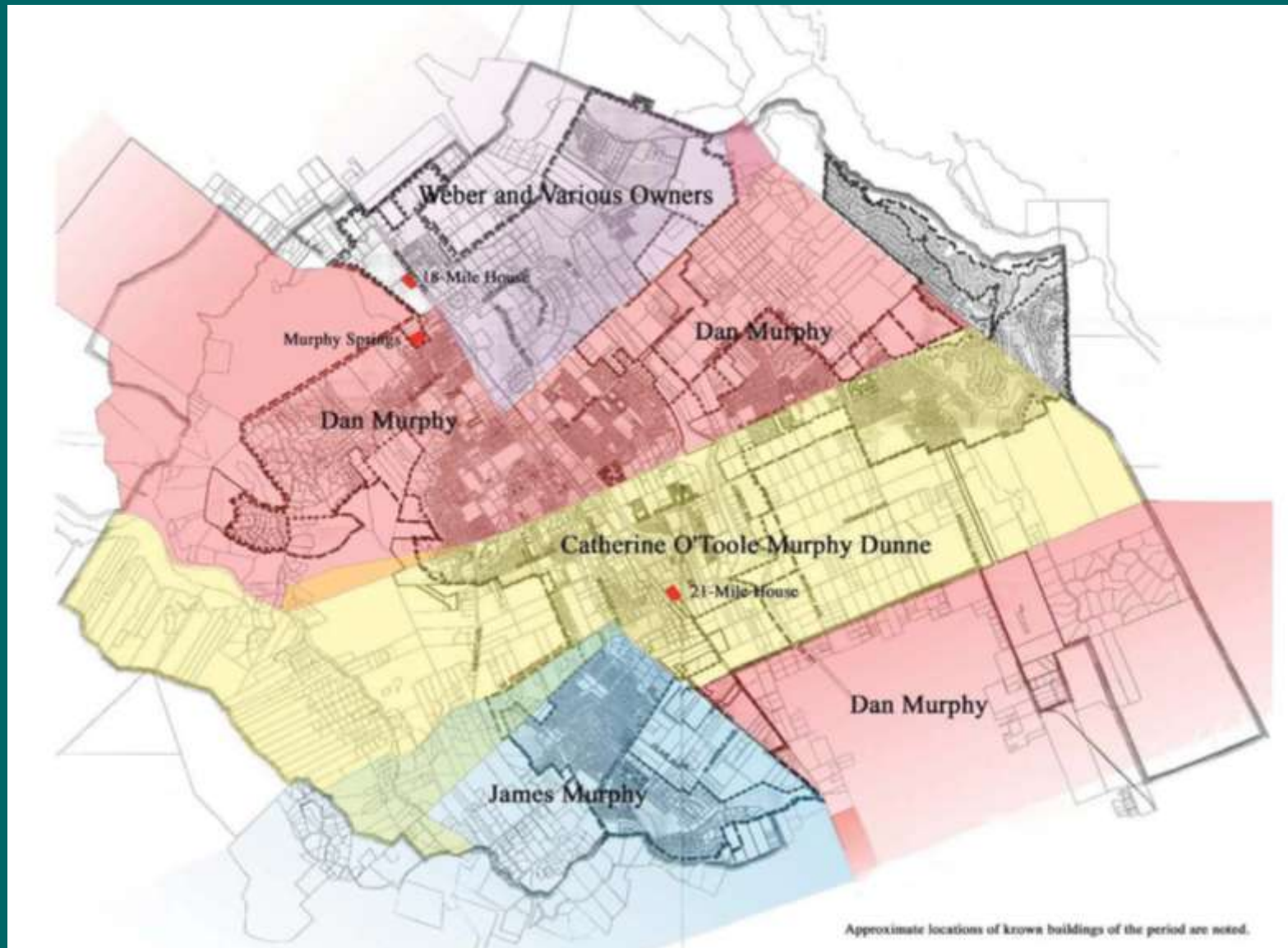
- Defined 6 major themes for MH
- Themes provide basis for determination of local significance
- Nov. 2006 - Council accepted

Resources



- Evaluated 32 Properties
- Identified 5 as Significant Local Resources, 2 as Potentially Significant Local Resources
- 2008, Council adopted Resolution

1876 Land Ownership



History of Cinema in Downtown

April 1923 to 1952



- At 17330 Monterey (btwn. 2nd & 3rd)
- From 1938 Promotional Video
- now Legends Bar & Grill

1952 to Sept. 2003



- At 17440 Monterey (btwn. 1st & 2nd)
- 2 screens (split mid 1980's?)
- Currently ~240 seats each side

Recent DT Council Actions

Recent

- Jan. 20: Joint Council & Planning Comm. Workshop (10 point plan)
- Feb. 10: Planning Commission Hearing
- Feb. 12: Joint MH Downtown Assoc. & Chamber of Commerce
- Feb. 18: Council/RDA Board - approval (11 point plan)
- May 6: Council/RDA Board - move forward with ENA with Cinelux (interim & new at A-2)
- June 3: Council/RDA Board – receive Henry Arch. presentation: design on Site A-2

Future

- July 15: Council/RDA Board – update the efforts to bring cinema to the Downtown
- August 2009: release RFI/RFQ for First Phase Project
- December 2009: Select preferred developer / investor
- April 2010: confirm terms of Exclusive Negotiation Agreement (ENA)
- June 2010: consider Disposition & Development Agreement (DDA)

Illustrating the Vision - Views of Downtown

- Key Buildings & Features
- Vacant or Under-utilized Sites
- Potential for Re-Development
- Other Cities

Key Landmark Buildings & Features

- Monterey & E. 2nd
 - Votaw (Hot Java) old Bank of America
- Monterey & W. 3rd
 - Skeels Hotel (Ragoos) Monterey & E. 3rd
- Monterey & E. 3rd
 - Cornerstone (Main Street Bagels)
- E. 3rd
 - Morgan Hill Times (Poppy's)
- Granada Sign





More Examples



More Examples



Examples of Vacant or Under-utilized Sites

- E. 3rd / Depot
 - Old Sunsweet plant
- Monterey & E. 3rd
 - Simple Beverages + 2 lots
- Depot & E. 4th
 - Vacant Lot (next to EMF Motorcycles)
- Monterey between W. 3rd & W. 4th
 - Single family home (Portraits by Rebecca)



Sunsweet

Depot & E. 4th St

Sunsweet

Depot & E. 3rd St







Recently Improved Buildings



Different Uses



Opportunities





Existing Downtown Mall

Artist Concept of
what a new
building might
look like (view
looking south)





Existing Downtown Mall
with Votaw Building in
foreground

Artist Concept
of what a new
building might
look like (view
looking north)



Examples of Future Opportunities



Other Cities

1. Alameda
2. Campbell
3. Castro Valley
4. Danville
5. Gilroy
6. Hayward
7. Healdsburg
8. Livermore
9. Los Gatos
10. Mountain View
11. Napa
12. Palo Alto
13. Pleasanton
14. Redwood City
15. San Mateo
16. Santa Cruz
17. San Rafael





Downtown Success Factors

- Downtown Character
- Brand & Image
- Retail: amount of space & mix
- Housing: number of units & mix
- Parking: quantity and location
- Tipping Point – Density Required
- Flexibility - Balance

External Constraints affecting the overall Investment Climate

- International Financial Crisis
- Global Recession
- Property Developers: commercial & residential
- Retailer bankruptcy or expansion plans on hold
- Federal / State / Local budget stress

Retail Competition

- City-wide Strategy

focus on auto dealerships + interested national & regional retailers

(eg: Trader Joes, DSW Shoes)

- Local Competition

4 Major Shopping areas:

(1) Monterey/Tennant; (2) Dunne/101; (3) Cochrane/101; (4) Downtown

- Three Theater Sites

- Tennant Station (11 screens – 1,333 seats) – just added 3 screens & 430 seats
- Cochrane Commons (16 screens, 3,000 seats) – approved
- Downtown Granada (2 screens – 400 seats) - vacant

Downtown Retail Strategy

- Specific Plan Identifies

Restaurants – Entertainment – Food & Grocery - Bakeries – Produce – Wine & Cheese – Home Furnishings – Niche shops

- Suggested Downtown ANCHOR Strategy

Create 5 viable “anchor-type” retail spaces on 5 key corners

- Anchors would be:

- operators with other locations: either regional or sub-regional
- Preferably not restaurants as anchors
- Examples: Sports (SkateBoard shop), Kitchenware, Health (spa, yoga), others
- Not likely to be international or national retailers

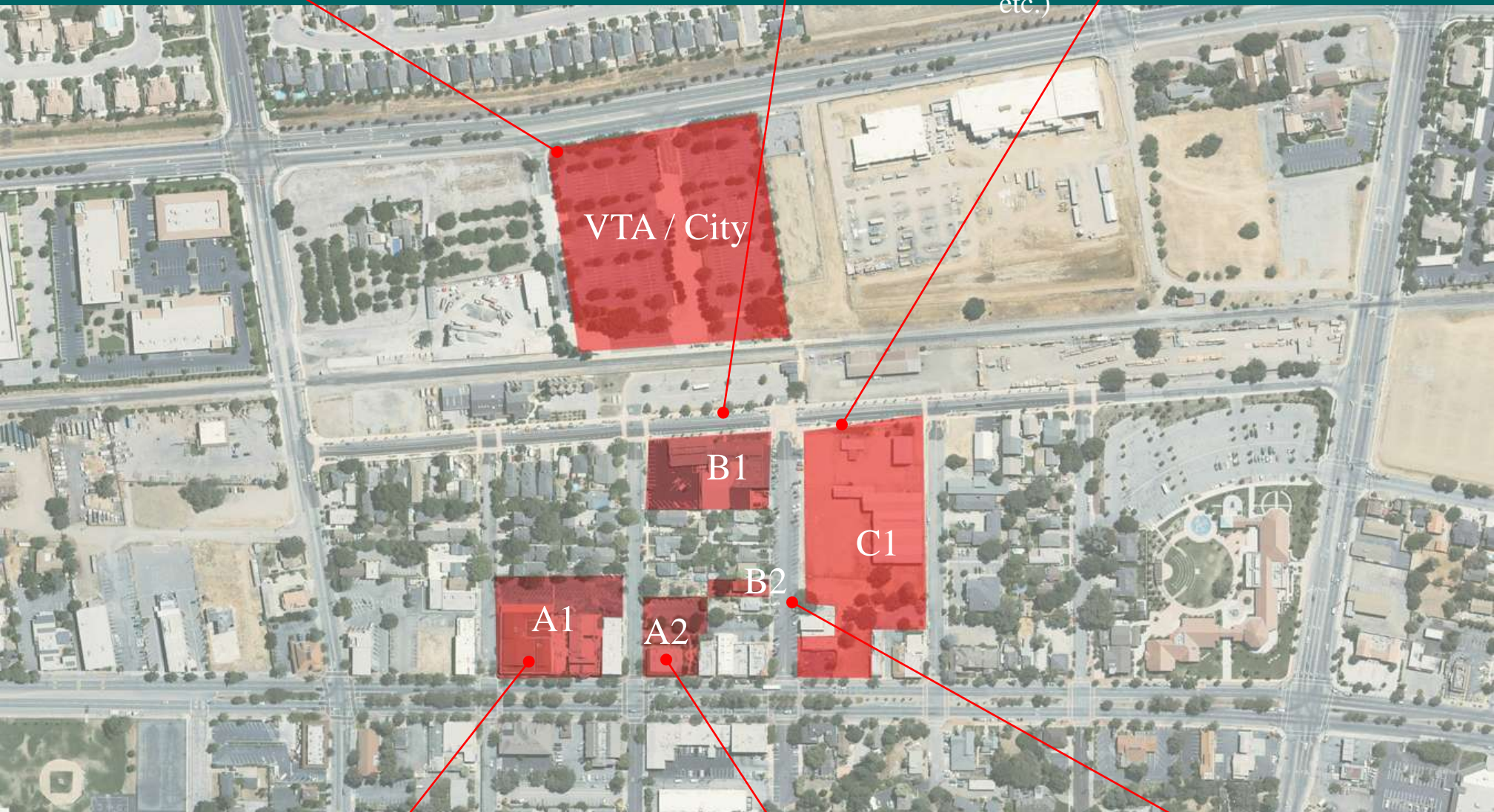
(e.g. Nordstrom, Crate & Barrel, Best Buy, Office Depot, Barnes & Noble, Sports Authority, Michaels – to name just a few)

Capacity Studies & 6 Opportunity Sites

- Downtown Mall (A-1) – retail, residential & parking
- Royal Clothiers (A-2) – cinema, office & parking
- Depot Square / Booksmart (B-1, 95 E. 3rd) - retail, residential & parking
- 45 E. 3rd (B-2) – retail in front of existing home
- Sunsweet plus (C-1) - retail, residential & parking
- VTA/City - residential & parking

Block 16 – VTA / RDA property (Caltrain lot)
B1: Block 3 – 95 E. 3rd (Depot Center, Booksmart,
etc.)

C1: Block 4 – south side E. 3rd (Sunsweet,
etc.)



A1: Block 2 (RDA) – Monterey & E. 1st/2nd (DT Mall)

A2: Block 3 (RDA) – Monterey & E. 2nd
B2: Block 3 - 45 E. 3rd (single family
home)

Map of the 6 Opportunity Sites

Downtown Opportunity Sites - *Maximum Capacity*



5 West Opportunity Sites

Residential: 428 Dwelling Units
Retail: 102,200 GSF
Commercial: 6,000 GSF
Parking: 642 Residential Spaces
210 Surface Spaces
Heights: 4 Stories (45')

VTA/City Site

Residential: 284 Dwelling Units
Parking: 426 Residential Spaces
560 Space VTA Garage
Heights: 3-4 Stories (45')

11-Point Program

1. Construct E. 3rd & Depot lot: 92 spaces
2. Purchase Monterey & E. 3rd & construct a temporary public parking lot: 17 paces
3. Complete Third Street Promenade
4. Develop downtown Residential Development Control System (RDCS) strategy
5. Reach consensus on preferred location for Granada theater
6. RFQ/RFP for Phase One Opportunity Site
7. 45 E. 3rd to construct a new retail space facing Third Street Promenade
8. 95 E. 3rd to construct a new retail frontage facing Third Street Promenade
9. Refine leasing strategy for RDA-owned retail spaces
10. Continue mitigation strategies for affected retail tenants
11. Pursue temporary re-opening of existing Granada

First Phase Sites



First Phase of Implementation

- 4 Options Studied
 - 1 – rehabilitate existing structure on A1
 - 2 – construct new theater (as part of a larger project) off-street on A1
 - 3 – construct new theater on the 1st floor of A2
 - 4 – construct new theater on the 2nd floor (with lobby entrance) on A2
- 2 Options for further Discussion



Rehabilitate / Rebuild theatre on existing site

Option 1 – Existing Site

30 Dwelling Units

*16,000 sf Commercial
Office*



21,000 sf Retail

New 12,000sf 3-screen theatre at back of paseo

Option 2 - Paseo

7,000 sf Commercial Office



5,000 sf Retail

New 11,000 sf 3-screen theatre, ground level

Option 3 – Single Story Relocation

7,000 sf Commercial Office



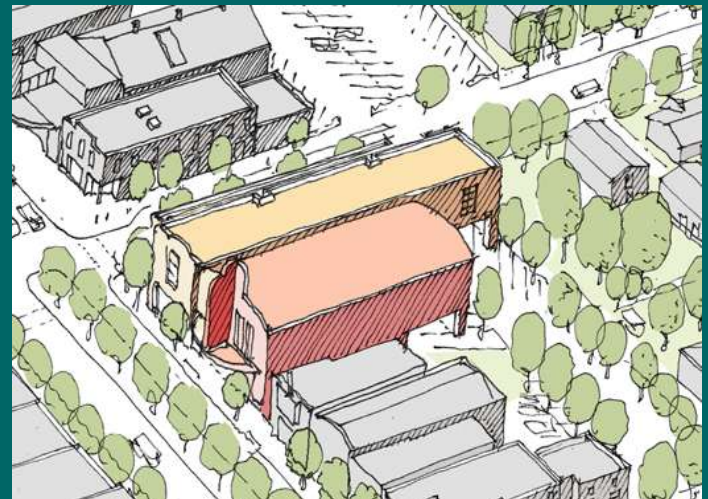
7,000 sf Retail

New 12,000 sf 3-screen theatre, upper level

Option 4 – Upper Story Relocation

2 Options Recommended for Consideration

- Renovate existing theater
 - As a stand alone RDA project
 - Remove theater from A1 development program
- Develop new theater (Monterey & 2nd)
 - On second floor
 - As part of mixed-use, retail & office project
 - Plus reconfigured & enlarge surface rear parking lot from 2nd to 3rd Streets



2 Cinema Options



Pros-Cons of 2 Cinema Options



Option 1 – Site A1



Option 4 – Site A2

Pros

1. Maintain connection to current location
2. Theater & sign are downtown icons

Cons

1. Higher cost and potential uncertainty of rehabilitation of 50 year old structure
2. No developer investment, as 100 % City project
3. Remaining A1 site is reduced by 17%
4. Reduced site lowers # of residential units below apartment threshold in future A1 project
5. Reduces number of spaces and efficiency of potential underground parking structure

Pros

1. Project most likely to receive developer interest in current market
2. Developer investment through DDA
3. No residential component
4. Includes new retail anchor space on corner
5. Office space pays higher rents than retail space
6. Demand for office space should benefit from new courthouse
7. Office space expands DT work-force and visitors
8. Design in concert with experienced operator

Cons

1. Second floor location costs more to build
2. Sign must be relocated

DT Cinema: Design + Operator + RFI/RFQ

- At Monterey and E. 2nd Street
- 1st Floor: Retail
- 1st Floor: Parking in rear (existing lot)
- 2nd & 3rd Floors - cinema (4 screens – 477 seats)
- 2nd & 3rd Floors – office space
- Possible 4th Floor – residential with a setback
- Discussions with CineLux Theaters (operator of Tennant Station 11-plex) are underway
- RFI/RFQ for Developer – target date to issue is late-August

DATE: MAY 15, 2009

GROUND FLOOR PLAN

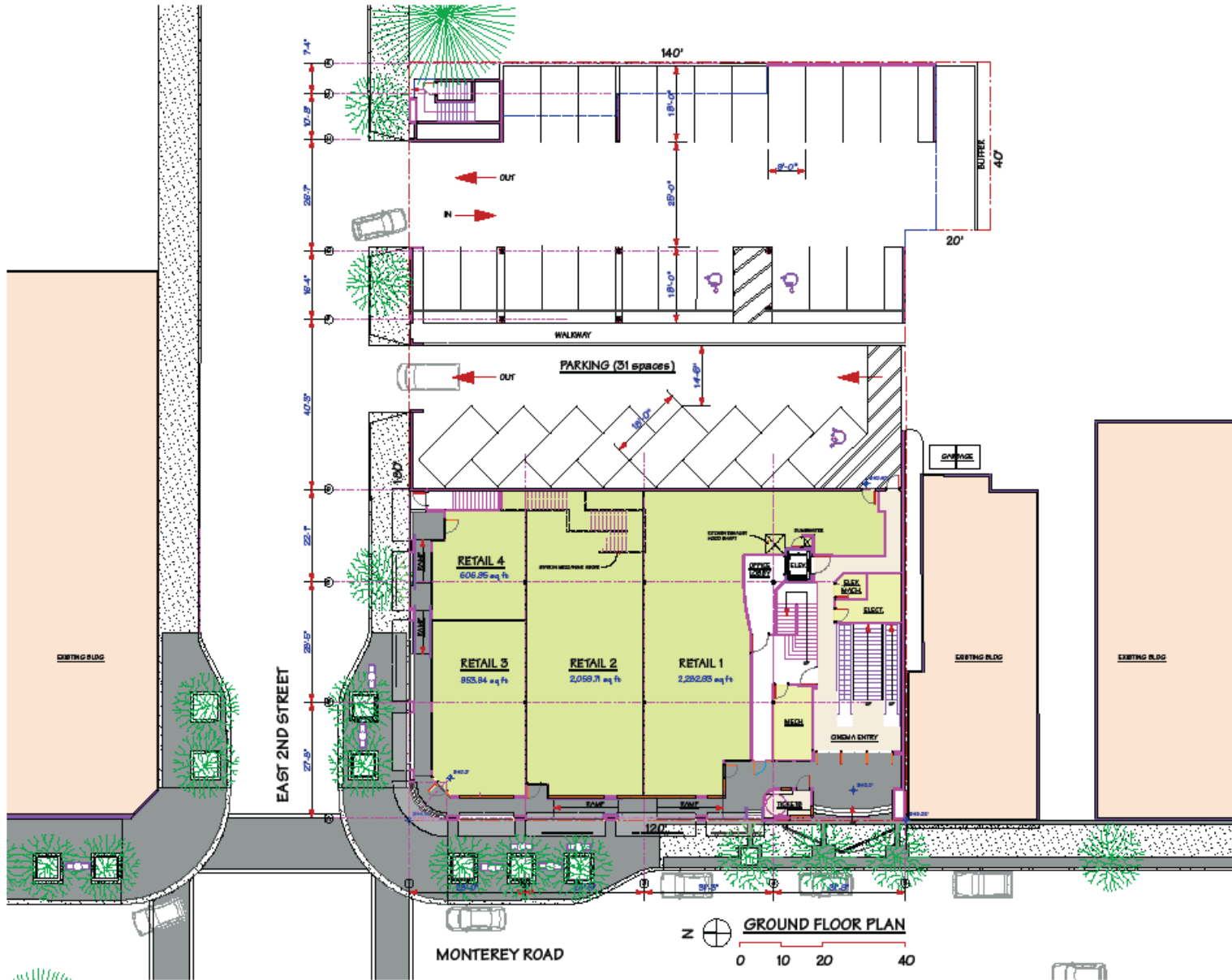
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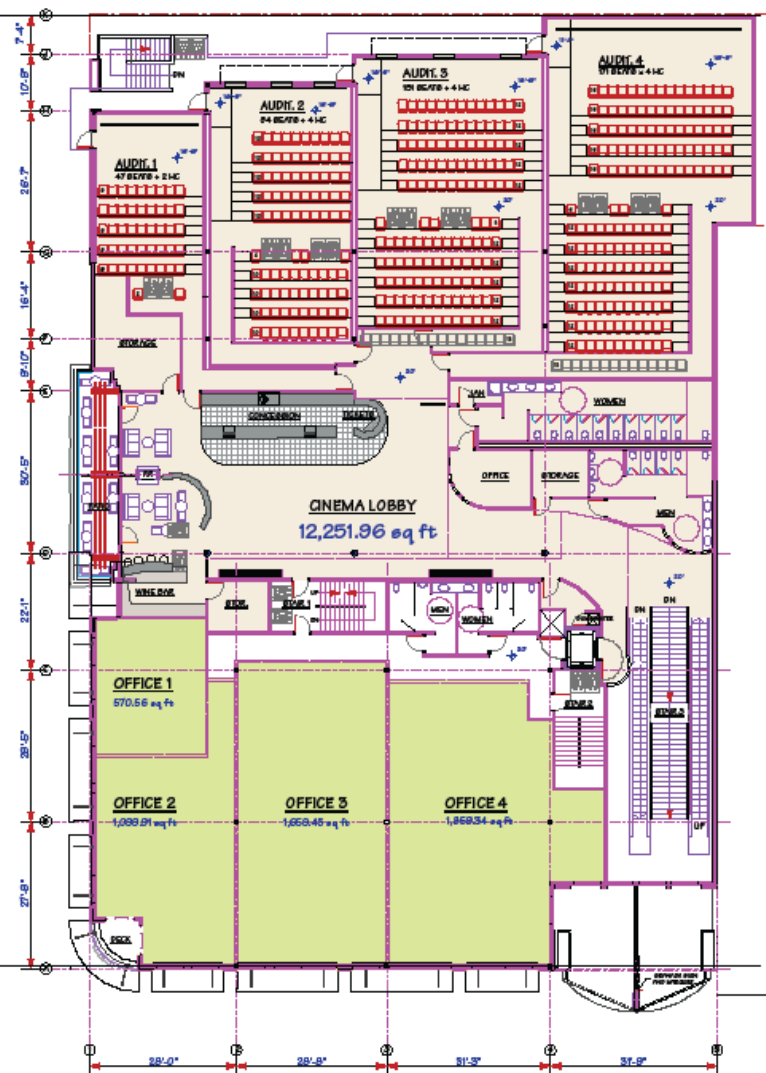
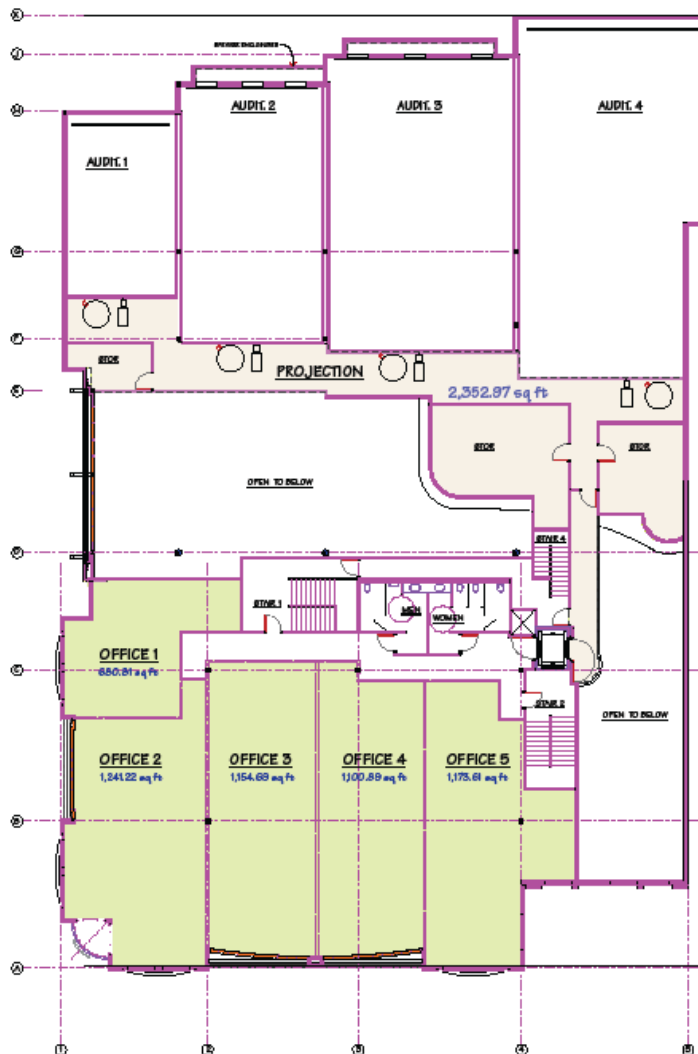
Preliminary Design :
Cinema, Retail, and Office Building
for the
City of Morgan Hill
East 2nd Street and Monterey Street
Morgan Hill, Ca

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SHEET **A4**





DATE: MAY 15, 2009
2ND AND 3RD FLOOR
PLANS

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RENDERING VIEW 1

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VIEW 1 LOOKING SOUTH EAST SHEET A10



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RENDERING VIEW 2

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VIEW 2 LOOKING NORTH

SHEET A11

VIEW 5 LOOKING SOUTH WEST



VIEW 4 CORNER VIEW



VIEW 3 LOOKING SOUTH

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RENDERINGS 3, 4 & 5

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SHEET A12



SUMMARY / QUESTIONS / COMMENTS

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Thank You

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